

**MARION TOWNSHIP, OSCEOLA COUNTY**

**MARION, MICHIGAN**

**MARCH 31, 2008**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

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MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MARCH 31, 2008

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# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775

September 8, 2008

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Marion Township  
Osceola County  
Marion, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Osceola County, Marion, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Osceola County, Marion, Michigan as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on page 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion Township, Osceola County, Marion, Michigan's basic financial statements. The individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Marion Township, a general law township located in Osceola County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Marion Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2008.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$285,548. Of this amount, \$119,303 may be used to meet the Township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$137,601, an increase of \$17,570 in comparison with the prior year.
- ◆ The Township is not obligated under any long-term debt as of March 31, 2008.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

**Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township were \$285,548 at March 31, 2008, meaning the Township’s assets were greater than its liabilities by this amount.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

**Marion Township**  
**Net Assets as of March 31, 2008**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	<u>\$ 140,340</u>
Non Current Assets	
Capital Assets	214,250
Less: Accumulated Depreciation	<u>66,303</u>
 Total Non Current Assets	 <u>147,947</u>
 <b>Total Assets</b>	 <u><u>\$ 288,287</u></u>
 <b>Liabilities</b>	
Current Liabilities	<u>\$ 2,739</u>
 <b>Net Assets</b>	
Invested in Capital Assets	147,947
Restricted for Telecommunications Right-of-Way Maintenance	8,298
Restricted for Cemetery Maintenance	10,000
Unrestricted	<u>119,303</u>
 <b>Total Net Assets</b>	 <u>285,548</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 288,287</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, infrastructure, equipment, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$119,303 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$7,847 in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Marion Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended March 31, 2008**

	<b><u>Governmental Activities</u></b>
<b><u>Revenues</u></b>	
<b>Program Revenues</b>	
Charges for Services	\$ 17,545
<b>General Revenues</b>	
Taxes	39,873
State Grants	53,511
Interest Earnings	3,077
Other	<u>10,196</u>
<b>Total Revenues</b>	<u>124,202</u>
<b><u>Expenses</u></b>	
Legislative	3,304
General Government	81,877
Public Safety	17,669
Public Works	2,912
Recreational and Cultural	744
Other Functions	<u>9,849</u>
<b>Total Expenses</b>	<u>116,355</u>
Changes in Net Assets	7,847
<b><u>NET ASSETS</u></b> - Beginning of Year	<u>277,701</u>
<b><u>NET ASSETS</u></b> - End of Year	<u><u>\$ 285,548</u></u>

**Governmental Activities**

During the fiscal year ended March 31, 2008, the Township's net assets increased by \$7,847. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar



MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

A significant part of the revenue for all governmental activities of Marion Township comes from property taxes. The Township levied 0.8919 mills for operating purposes.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation.

The Township's governmental activities expenses are dominated by general government expenses that total \$81,877. Public Safety represented the next largest expense at \$17,669 of total expenses.

**Business-Type Activities**

The Township does not maintain any Business-Type Activities.

**Financial Analysis of the Government's Funds**

***Governmental Funds*** The focus of Marion Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund** – The General Fund increased its fund balance by \$17,570 which brings the fund balance to \$137,601. \$119,303 of the General Fund's fund balance is unreserved. Property tax revenues amounted to \$31,388. State shared revenues amounted to \$50,900.

**Proprietary Fund** The Township does not maintain any proprietary funds.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental activities as of March 31, 2008 amounted to \$147,947 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$5,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

**Marion Township**  
**Capital Assets as of March 31, 2008**

	<b>Governmental Activities</b>
Land	\$ 41,000
Land Improvements	48,009
Buildings	16,000
Building Improvements	6,210
Infrastructure	58,230
Equipment	44,801
	<hr/> 214,250
Less Accumulated Depreciation	<hr/> 66,303
<b>Net Capital Assets</b>	<hr/> <b>\$ 147,947</b> <hr/>

There were no major capital asset events during the current fiscal year.

**Long-Term Debt.** At March 31, 2008, the Township was not obligated for any long-term debt.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2008-09 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Marion Township at 120 East Main Street, Marion, Michigan. 49665.

MARION TOWNSHIP, OSCEOLA COUNTY

MARION, MICHIGAN

STATEMENT OF NET ASSETS

MARCH 31, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 123,309
Receivables	
Taxes	4,756
External Parties (Fiduciary Fund)	260
Due from Other Governments	12,015
	<hr/>
Total Current Assets	140,340
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	41,000
Land Improvements	48,009
Buildings	16,000
Building Improvements	6,210
Infrastructure	58,230
Equipment	44,801
	<hr/>
	214,250
Less Accumulated Depreciation	66,303
Net Capital Assets	147,947
	<hr/>
TOTAL ASSETS	288,287
	<hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	2,181
Payroll Taxes and Withholdings	558
	<hr/>
Total Current Liabilities	2,739
	<hr/>
<u>NET ASSETS</u>	
Invested in Capital Assets	147,947
Restricted for Telecommunications Right-of-Way Maintenance	8,298
Restricted for Cemetery Maintenance	10,000
Unrestricted	119,303
	<hr/>
TOTAL NET ASSETS	\$ 285,548
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES
					AND CHANGE IN NET ASSETS
					TOTAL
					GOVERNMENTAL
					ACTIVITIES
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 3,304	\$ 0	\$ 0	\$ 0	\$ (3,304)
General Government	81,877	17,545	0	0	(64,332)
Public Safety	17,669	0	0	0	(17,669)
Public Works	2,912	0	0	0	(2,912)
Recreation and Cultural	744	0	0	0	(744)
Other Functions	9,849	0	0	0	(9,849)
Total Governmental Activities	\$ 116,355	\$ 17,545	\$ 0	\$ 0	(98,810)
GENERAL REVENUES					
Taxes					39,873
State Grants					53,511
Interest Earnings					3,077
Other					10,196
Total General Revenues					106,657
Change in Net Assets					7,847
NET ASSETS - Beginning of Year					277,701
NET ASSETS - End of Year					\$ 285,548

The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
MARCH 31, 2008

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash	\$ 123,309
Taxes Receivable	4,756
Due from Other Governments	12,015
Due from Other Funds	260
Total Assets	<u>\$ 140,340</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,181
Payroll Taxes and Withholdings	558
Total Liabilities	<u>2,739</u>
 <u>FUND BALANCE</u>	
Reserved for Telecommunications Right-of-Way Maintenance	8,298
Reserved for Cemetery Maintenance	10,000
Unreserved	
Undesignated	119,303
Total Fund Balance	<u>137,601</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 140,340</u>

The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2008

Total Fund Balance for Governmental Funds	\$ 137,601
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	\$ 41,000	
Land Improvements	48,009	
Buildings	16,000	
Building Improvements	6,210	
Infrastructure	58,230	
Equipment	44,801	
Accumulated Depreciation	<u>(66,303)</u>	<u>147,947</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 285,548</u>
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The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY

MARION, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	GENERAL FUND
<u>REVENUES</u>	
Taxes	\$ 39,873
State Grants	53,511
Charges for Services	9,455
Interest and Rents	11,167
Other Revenues	10,196
Total Revenues	124,202
<u>EXPENDITURES</u>	
Legislative	3,304
General Government	75,066
Public Safety	17,669
Recreation and Cultural	744
Other Functions	9,849
Total Expenditures	106,632
Net Change in Fund Balance	17,570
<u>FUND BALANCE</u> - Beginning of Year	120,031
<u>FUND BALANCE</u> - End of Year	\$ 137,601

The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2008

Net Change in Fund Balance - Total Governmental Funds	\$ 17,570
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	<u>(9,723)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,847</u></u>

The accompanying notes are an integral part of the financial statements.



MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
MARCH 31, 2008

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	<u>\$          260</u>
<u>LIABILITIES</u>	
Due to General Fund	<u>\$          260</u>

The accompanying notes are an integral part of the financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Marion Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

The Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Marion Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, Marion Township reports the following fund types:

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township authorizes its treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Township board at the board's organizational meeting after each regular election of the board members.
- c. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. In repurchase agreements consisting of instruments listed in subdivision (a).
- e. In bankers' acceptances of United States banks.
- f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g. Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by Township. This authorization is limited to securities whose intention is to maintain a net asset value of \$1 per share.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2007 taxable valuation of Marion Township totaled \$35,198,711, on which ad valorem taxes levied consisted of 0.8919 mills for Township operating purposes. This levy raised approximately \$31,388 for operating purposes.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include land, buildings, building improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight line method over the following estimated useful lives:

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

<u>ASSETS</u>	<u>YEARS</u>
Land Improvements	20
Buildings	50
Building Improvements	20
Infrastructure	20
Equipment	5-10

Marion Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

***5. Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township had no long-term obligations at March 31, 2008.

***6. Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

***7. Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 27, 2007, or as amended by the Township board from time to time during the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Township's deposits are all on deposit with Citizen's Bank in Marion, Michigan.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2008, \$23,714 of the government's bank balance of \$123,974 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

**B. Receivables**

Receivables as of year end for the government's individual major funds are as follows:

	<u>General</u>
Taxes	\$ 4,756
Due from Other Governments	<u>12,015</u>
	<u>\$ 16,771</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded in any of the funds at the end of the current fiscal year.



MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**C. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 41,000	\$ 0	\$ 0	\$ 41,000
Capital assets, being depreciated				
Land Improvements	48,009	0	0	48,009
Buildings	16,000	0	0	16,000
Building Improvements	6,210	0	0	6,210
Infrastructure	58,230	0	0	58,230
Equipment	44,801	0	0	44,801
Total capital assets, being depreciated	173,250	0	0	173,250
Less accumulated depreciation for:				
Land Improvements	12,850	2,265	0	15,115
Buildings	8,800	320	0	9,120
Building Improvements	3,907	132	0	4,039
Infrastructure	7,764	2,912	0	10,676
Equipment and Vehicles	23,259	4,094	0	27,353
Total accumulated depreciation	56,580	9,723	0	66,303
Total Capital assets, being depreciated, net	116,670	(9,723)	0	106,947
Governmental activities capital assets, net	\$ 157,670	\$ (9,723)	\$ 0	\$ 147,947

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 6,811
Public Works	2,912
	<u>\$ 9,723</u>

**Construction Commitments:**

The government has no outstanding construction commitments as of March 31, 2008.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2008, were:

	<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund		\$ 260	\$ 0
Fiduciary Funds			
Current Tax Collection Fund		0	260
		<u>\$ 260</u>	<u>\$ 260</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

**E. Long-Term Debt**

At March 31, 2008, the Township was not obligated for any long-term debt.

**IV. OTHER INFORMATION**

**A. Property Tax Administration Fee**

The Township passed a resolution on March 26, 1983, to charge a 1% administration fee on all ad valorem taxes levied after this date. Also, a late penalty fee of 3% shall be added after February 14<sup>th</sup> and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**B. Retirement Plan**

The Township has a defined contribution pension plan with the John Hancock Life Insurance Company which covers all township board members, the Assessor, and the Sexton. Originally, the annual contribution was 15% of compensation of which 50% was paid by the Township and 50% by the employee. As of August 1, 1997, the annual contribution is 15% of compensation of which 100% is paid by the Township. Participants may make voluntary after-tax contributions, in amounts ranging from 1% to 10% of compensation. The Township's 2007-2008 contribution amounted to \$1,590. Of the total contribution of \$1,590, \$1 was paid with credits to the Township's account and \$1,489 was cash contributed by the Township. Administration fees amounted to \$215. There are no age or service requirements to participate in the plan. Normal retirement age under the plan is 65. Early retirement is permitted at any time after attainment of age 55.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

For purposes under the plan, including the allocation of employer contributions, compensation means the basic annual rate of compensation, not including bonuses and overtime, in effect at the beginning of each plan year. For the 2007-2008 year, covered compensation was \$10,600 and the total of all wages including noncovered wages was \$45,612.

**C. DDA/Tax Increment Finance Authority**

The Village of Marion has established a Tax Increment Finance Authority and a Downtown Development Authority which levies taxes on the increase in the state equalized valuation of all real and personal property within their boundaries. The increase is calculated by subtracting the base year state equalized valuations from 1990 from the current year state equalized valuations. The millage rate applied to this increase is the total of the millage rates of County and Township which levy taxes within the Village. For 2007 tax roll the Township collected and remitted \$16,476 to the Downtown Development Authority, on a captured taxable value of \$1,633,955.

**D. Fire Protection Contract**

The Township contracts with the Marion Community Fire Department for fire protection. The Township pays the equivalent of .5 mill annually to the Fire Department for this protection. For the year 2007-2008, a total of \$17,669 was paid to the Fire Department for fire protection. The Village of Marion maintains the records for the Fire Department.

**E. Fund Balance Reserves**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balance. The reserves are detail in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

General Fund

Telecommunications Right-of-Way Maintenance \$ 8,298

Cemetery Maintenance 10,000

Total Fund Balance/Net Assets \$ 18,298

**F. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**G. Sale of Future Revenues**

For several years, the Township has sold its rights to delinquent real property tax revenues and related late payment penalties to the Osceola County treasurer. For the 2007 tax roll, the Township received a lump sum payment of \$4,348 for general operating revenues. This amount represents 100% of the present value of the delinquent real property tax revenues. In exchange for this payment, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the Township will have to repay the county.

MARION TOWNSHIP, OSCEOLA COUNTY  
MARION, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2008

	<u>GENERAL FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes	\$ 44,000	\$ 44,000	\$ 39,873
State Grants	54,000	54,000	53,511
Charges for Services	7,000	7,000	9,455
Interest and Rents	9,000	9,000	11,167
Other Revenues	0	0	10,196
Total Revenues	114,000	114,000	124,202
<u>EXPENDITURES</u>			
Legislative			
Township Board	4,500	4,500	3,304
General Government			
Supervisor	2,600	2,600	2,400
Elections	500	1,200	1,097
Assessor	18,000	18,000	17,236
Clerk	8,200	8,200	7,325
Board of Review	1,500	1,600	1,463
Treasurer	11,000	11,000	8,249
Building and Grounds	5,000	5,000	2,589
Cemetery	32,000	36,000	34,707
Public Safety	17,000	18,000	17,669
Public Works	1,000	1,000	0
Recreation and Cultural	800	800	744
Other Functions	11,250	11,850	9,849
Contingencies	20,000	13,600	0
Total Expenditures	133,350	133,350	106,632
Net Change in Fund Balance	(19,350)	(19,350)	17,570
<u>FUND BALANCE</u> - Beginning of Year	120,031	120,031	120,031
<u>FUND BALANCE</u> - End of Year	\$ 100,681	\$ 100,681	\$ 137,601



# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

September 8, 2008

To the Township Board  
Marion Township  
Osceola County  
Marion, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Osceola County, Marion, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Marion Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

### 1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiency described in (1) above (Lack of Segregation of Duties) constitutes a material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
www.bcbcpa.com

September 8, 2008

To the Township Board  
Marion Township  
Osceola County  
Marion, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township for the year ended March 31, 2008, and have issued our report thereon dated September 8, 2008. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 1, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Marion Township are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted. We did propose several adjusting journal entries that were accepted and recorded by management.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 8, 2008.

### *Other Audit Findings or Issues*

During the course of our audit of the basic financial statements of Marion Township for the year ended March 31, 2008, we noted the following list of items which we feel deserve comment:

#### Telecommunications Right-of-Way Revenues

The state restricts the use of these monies to specific items, such as road construction and street lighting. As a result \$8,298 of the General Fund fund balance is restricted. We recommend that this money and all future telecommunications revenues be spent on road construction and road maintenance projects.

#### Property Tax Disbursements

During our examination we noted that disbursements of taxes collected were not being made within 10 days of the 1<sup>st</sup> and 15<sup>th</sup> of the month. The State of Michigan requires that taxes be disbursed within 10 days of the 1<sup>st</sup> and 15<sup>th</sup> of the month and that disbursements should include all collections made up to the point. We recommend that the Township implement a procedure to disburse all tax collections made up to that point within 10 days of the 1<sup>st</sup> and 15<sup>th</sup> of the month.

#### General Recordkeeping

The accounting records for the year ended March 31, 2008, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Township clerk and treasurer for a job well done.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*